

NEWS – CONGRESSMAN PETE STARK

239 Cannon House Office Building

Washington, DC 20515

(202) 225-5065

www.stark.house.gov

FOR IMMEDIATE RELEASE

Wednesday, March 16, 2011

Stark Contact: Brian Cook, (202) 225-3202

Waxman Contact: Karen Lightfoot, (202) 225-5735

Miller Contact: Aaron Albright, (202) 226-0853

CA MEMBERS OF CONGRESS LAUD BLUE SHIELD'S DECISION TO WITHDRAW PROPOSED 2011 RATE INCREASES

Today, Blue Shield of California announced the withdrawal of its rate filing with the California Department of Insurance that would have instituted rate increases in the individual market of 15 percent on average, resulting in increases of up to 59 percent for some policy holders.

In withdrawing their proposed rate increases, Blue Shield emphasized this decision will save the 340,000 individual policy holders a total of \$35-40 million this year.

Blue Shield of California's CEO said today: *"Our not-for-profit mission is to provide Californians with access to quality health care at an affordable price. As long-time advocates for universal health coverage, we are also deeply committed to the success of health reform. The best way to fulfill our mission and make reform work is to keep costs down. By agreeing not to raise rates this year, we are helping to make coverage more affordable to our members during tough economic times. It's a financial risk for us, but a risk that's worth taking."*

California Members of Congress reacted to Blue Shield's announcement:

Pete Stark, Ranking Member of the Ways and Means Health Subcommittee: **"Blue Shield is leading by example. As one of the few insurers that has worked collaboratively toward health care reform, today's actions show that its not just talk – they're willing to put their money behind their words. I commend them for taking this action. While other insurers may be less willing to make moves like this voluntarily, the good news is that the tools enacted in the new health reform law will force them to be more honest and forthcoming."**

Henry A. Waxman, Ranking Member of the House Energy and Commerce Committee: **"I am very pleased that Blue Shield of California will not raise its insurance premium rates for the rest of this year, and I commend them for this decision. Not all insurers have been so responsive when proposed rate increases were called into question. That is why**

American families need the increased scrutiny and transparency of premium increases that are part of the new health care reform law.”

George Miller, Ranking Member of the House Education and the Workforce Committee: **“Blue Shield’s withdrawal of its premium increase is good news for Californians who faced losing their insurance because of this rate hike. While California families are still suffering from the recession, they shouldn’t also have to worry about yet another hit to their pocketbooks.”**

The Affordable Care Act provides new transparency and sunshine into insurance company rate increases so that the public and regulators can push back. Until the passage of the ACA, there was no requirement across the country that large rate increases like these, and their justifications, be disclosed.

Greater attention to premium increases through rate review have already yielded striking results around the country. In the last year:

- Connecticut regulators rejected a proposed 20% rate increase by Anthem Blue Cross and Blue Shield in the individual market after the rate review found that such an increase would be excessive.
- Maine’s state superintendent of insurance rejected WellPoint’s Empire Blue Cross Blue Shield request to raise rates by 23.1%.
- Colorado secured \$20 million in refunds from Anthem Blue Cross to about 90,000 policyholders after an in-depth rate review concluded the insurance company’s premiums were excessive.
- The threat of a thorough rate review in California prompted Anthem Blue Cross to withdraw its request for a 39% premium increase in the individual market.

#